



Memorandum

TO: CITY COUNCIL

FROM: Mayor Chuck Reed
Councilmember Kansen Chu
Councilmember Rose Herrera
Councilmember Don Rocha

SUBJECT: AGREEMENTS WITH
SAMSUNG

DATE: March 22, 2013

APPROVED:

Chuck Reed **DATE:** 3/22/13

Rose Herrera
(A.R.)

Kansen Chu

Don Rocha
(D.R.R.)

RECOMMENDATION

Approve the recommendation to adopt a resolution to authorize the City Manager to execute an Incentive Agreement, a Capital Equipment and Assistance Agreement, and a Utility Users Tax Reimbursement Agreement with Samsung Semiconductor, Inc., as outlined in the Supplemental Staff Report dated March 15, 2013.

BACKGROUND

Samsung Semiconductors, Inc. filed a development application for the Samsung America Headquarters (Device Solutions) Project on January 3, 2013. After a 76-day expedited review of the application, a site development permit was approved at the Planning Director's Hearing on March 20, 2013. The state-of-the-art, Class A, build-to-suit R&D Center is expected to be under construction by the end of this year.

City incentives towards the project total \$7 million, including a Council approved Traffic Impact Fee reduction of \$3.9 million, a Utility Users Tax rebate of \$2.6 million, and a Capital Equipment reimbursement of \$500,000. Over a 10-year period, the project is expected to generate approximately \$23 million in new revenues for the benefit of the City (not including C&C taxes and permitting fees). See the chart below which demonstrates the return on investment.

Existing	Proposed
3 Office buildings	1 10-story Office/R&D tower 1 9-story Parking Structure
215,000 square foot office/R&D space	680,000 square foot office/R&D space 575,000 square foot parking structure
300 jobs	2,000 jobs
2012-13 Assessed Value: \$33,000,000	2016-17 Assessed Value: \$200,000,000
2012-13 Tax Increment: \$330,000	Annual Tax Increment: \$2,000,000
Annual Business Tax: \$5,400	Annual Business Tax: \$25,000
Annual Utility Tax: \$45,000	Annual Utility Tax: \$520,000
Traffic Impact Fee: \$0	Traffic Impact Fee (\$5/sf): \$2,325,000